

Message Text

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ACTION EB-07

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5052

INFO AMEMBASSY THE HAGUE

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E. O. 11652: N/A

TAGS: EAIR, FR, XT

SUBJECT: CIVAIR: CAPACITY REDUCTION

1. LE MONDE OF DEC. 11 PROMINENTLY FEATURES TWO ARTICLES ON CAPACITY PROBLEM ON NORTH ATLANTIC. THE FIRST, BY LE MONDE STAFFER JACQUES DE BARRIN, IS ENTITLED "'FLY AMERICAN': THE US WANTS EUROPEANS TO REDUCE THEIR TRAFFIC ON THE NORTH ATLANTIC", AND THE SECOND IS AN INTERVIEW WITH SWISSAIR PRESIDENT BALTENSWEILER.

2. DE BARRIN SEES US EFFORTS AS ANOTHER "DEFI AMERICAIN" WHICH CHALLENGES ABILITY OF EUROPEANS TO BAND TOGETHER TO DEFEND THEIR COMMON INTERESTS. US IS SEEN AS EMBARKING ON "AGGRESSIVE" POLICY TO WIN BACK FOR ITS CARRIERS PART OF MARKET LOST THROUGH NEGLECT BY AMERICAN CARRIERS IN PERIOD WHEN THEY WERE LESS SORELY PRESSED FINANCIALLY THAN TODAY. DE BARRIN SEES THIS AS NATIONALISTIC POLICY AIMED AT REGULATING

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TRAFFIC SOLELY ON BASIS US TERMS. US TACTIC APPEARS

AIMED AT EXPLOITING DIVISIONS SEPARATING EUROPEANS.
ARTICLE CONCLUDES WITH REFERENCE TO IMPACT CAPACITY
REDUCTIONS WOULD HAVE ON PURCHASE OF US AIRCRAFT
BY EUROPEAN CARRIERS AS WELL AS POSSIBLE IMPACT ON
F-104 REPLACEMENT.

3. BALTENSCHWEILER IN HIS INTERVIEW BLAMES PANAM FOR
SEEING TOO BIG WITH EXCESSIVE PURCHASE OF 747'S IN
MID-SIXTIES AND USG FOR HAVING FORCED NORTH ATLANTIC
FARES DOWN TO UNECONOMIC LEVELS: "EUROPEAN CARRIERS
SHOULDN'T HAVE TO PAY FOR THE ERRORS OF OTHERS...(AND)
CANNOT BE HELD RESPONSIBLE FOR THE DIFFICULTIES OF
THEIR AMERICAN PARTNERS." HE CITES USG'S CURRENT
PROMOTION OF "FLY AMERICAN" CAMPAIGN AS EVIDENCE OF
NATIONALISM AND REVERSAL OF PRINCIPLE THAT CLIENT
SHOULD BE FREE TO CHOOSE CARRIER OFFERING THE BEST
SERVICE IN A CLIMATE OF FREE COMPETITION. USG DEFENDS
FREE COMPETITION WHEN IT IS IN A STRONG POSITION, HE
ARGUES, BUT FORGETS IT WHEN THE GOING GETS ROUGH.
NOTING THAT TWA HAD THREE YEAR HEAD START ON SWISSAIR
IN US-SWITZERLAND MARKET, HE CONTENTS THAT DISINTEREST
BY AMERICAN CARRIERS IN EXPLOITING FULL POTENTIAL OF
CERTAIN MARKETS EXPLAINS WHY SWISSAIR AND OTHER
EUROPEAN CARRIERS HAVE WON SUCH A LARGE SHARE OF THE
BUSINESS. WHILE SWISSAIR HAS ONE OF BEST LOAD FACTORS
ON NORTH ATLANTIC (60.7 PERCENT FOR FIRST TEN MONTHS
OF 1974), CAPACITY OFFERINGS HAVE ALREADY BEEN REDUCED
BY OVER 10 PERCENT BUT FURTHER REDUCTION WOULD RESULT
IN HARDSHIP FOR PASSENGERS AND FOR FREIGHT MOVEMENTS.
IT WOULD BE ILLUSORY TO ASSUME THAT IF CAPACITY WERE
FURTHER REDUCED TWA WOULD AUTOMATICALLY PICK UP THIS
CLIENTELE.

4. BALTENSCHWEILER CLAIMS THAT A "REASONABLE SOLUTION"
COULD BE WORKED OUT AMONG THE CARRIERS, AND HE NOTES
THAT SWISSAIR TALKS HAVE BEEN INITIATED WITH TWA.
IN CONCLUSION HE CITES IMPORTANCE OF EUROPEAN MARKET
FOR US AIRCRAFT INDUSTRY AND LISTS SWISSAIR
EXPENDITURES IN US AS RESULT ITS NORTH ATLANTIC
OPERATIONS.
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5. LE MONDE ARTICLES POUCHED DEPT. AND BERN.
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